

# Commonwealth of Massachusetts

Executive Office of Health and  
Human Services



## Chapter 257 of the Acts of 2008

Provider Information and Dialogue Session:  
Child & Family Nutrition Services

September 29, 2014

[www.mass.gov/hhs/chapter257](http://www.mass.gov/hhs/chapter257)  
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# Agenda



- Chapter 257 of the Acts of 2008
- Overview of Child & Family Nutrition
  - Definition and Overview of Programs
  - Rate Considerations
- Review of Pricing Analysis and Methodologies
  - Data Sources
  - Example Model Budget
- Billing Changes
- Next Steps



## Chapter 257 of the Acts of 2008 Regulates Pricing for the POS System



Chapter 257 places authority for determination of Purchase of Service reimbursement rates with the Secretary of Health and Human Services under MGL 118E. The Center for Health Information and Analysis (CHIA) provides staffing and support for the development of Chapter 257 pricing.

Chapter 257 requires that the following criteria be considered when setting and reviewing human service reimbursement rates:

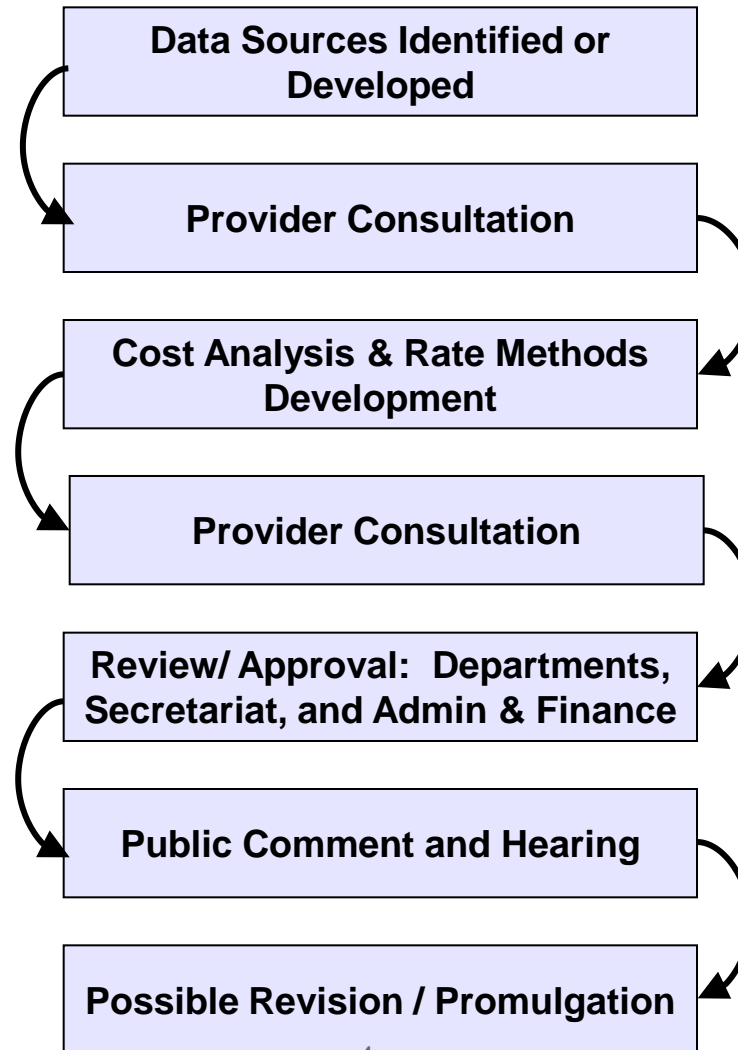
- Reasonable costs incurred by efficiently and economically operated providers
- Reasonable costs to providers of any existing or new governmental mandate
- Changes in costs associated with the delivery of services (e.g. inflation)
- Substantial geographical differences in the costs of service delivery



# Process of Analysis, Development, Approval, and Hearing



## Pricing Analysis, Rate Development, Approval, and Hearing Process





# WIC Nutrition Program



The WIC Rate Project is seeking to establish rates for the Women, Infants and Children Nutrition program at the Department of Public Health.

Activity Code	Program Name	FY14 Spending
3375	WIC Nutrition	\$26,879,286

The WIC Nutrition program is supported by state and federal funding, and is a part of the larger WIC funding system which also includes –

- \$93 million in federal funding for food and nutritional support
- \$25.8 million in retained revenue for food



# Federal and State Program Elements



State and federally funded services included in Ch. 257 rate setting (EIM Budget 1)	Federal only – not included in Ch. 257 rate setting (EIM Budget 2)
<ul style="list-style-type: none"><li>• Nutrition education and counseling at WIC clinics</li><li>• Screening/referrals to other social services</li><li>• Determination of eligibility, benefit provision, and other client-specific needs</li><li>• Outreach</li></ul>	<ul style="list-style-type: none"><li>• Breast feeding peer counseling</li><li>• Family Support Coordinators</li></ul>

- DPH will continue to administer all WIC programs in compliance w/ federal laws and state regulations and policies.
- WIC programs will continue to receive funds for the Federal-only programs on a cost reimbursement basis.
- Services will
  - reach the same level of participants
  - support existing staff / participant ratios



# Child & Family Nutrition: Rate Considerations



- DPH contracts and reimbursement levels currently reflect required DPH/USDA specified:
  - Staffing Patterns
  - Service Levels
  - Other contractual obligations
- Considerations in Chapter 257 rate development will include:
  - Current rate bands
  - Personnel, occupancy and other cost drivers
  - Feedback from providers and staff regarding service delivery & cost
- Maintaining access to services is an important goal in the rate development process.



# Changes from Prior Model



The approach that we are outlining today has some key differences from the discussion in 2012:

- Unit – rather than developing a rate based on the number of clients in a given month, a set monthly rate based on a caseload band
- Billing – To address requirements for federal funding, a combined approach to billing will be incorporated into the rate implementation

What hasn't changed:

- Occupancy – Team continues to work to develop an approach that reflects variation in costs experienced across contracts





# Rate models: Operations portion



## Example:

WIC Services - Sample Caseload Range (4265-4625)			
<b>Caseload Midpoint</b>	<b>4,445</b>	Std. Per DC	325
<b>Direct Care Staff</b>	<b>Caseload/ Staff</b>	<b>Total FTE</b>	<b>% of Total Expense</b>
Program Director		1.00	
Supervising Professional		1.00	
Dietician/Nutritionist		5.00	
Case Worker/ Manager		1.00	
Direct Care/Program Staff II		2.50	
Direct Care/Program Staff I		4.00	
<b>Direct Care Staff</b>	<b>13.68</b>	<b>14.50</b>	66.3%
	<b>Factor</b>		
Tax & Fringe	xx %		15.5%
<b>Total Staffing Costs</b>		81.8%	
Occupancy			0%*
Other Direct Program Costs			7.7%
<b>Subtotal Expenses</b>			
Admin. Alloc. (M & G)	xx %		9.70%
<b>Total Expense</b>			
<b>Proposed Rate Per Month</b>			\$XXXX
<b>CAF</b>	xx %		
<b>Rate with CAF</b>			\$XXXX

- Provider caseloads were classified into 19 ranges, and models were developed to calculate a monthly rate for each size program.
- \*Occupancy costs are still in development, but will be captured – further information on next slide.
- Salaries reflect analysis of the FY13 WIC contract budgets;
- Staffing patterns meet all federal financial and operational requirements;
- Tax & Fringe, Other Direct Program Costs, and Admin Allocation reflect a measure of central tendency from FY13 WIC contract budgets;
- A Cost Adjustment Factor (CAF) reflects the prospective costs of inflation during the rate period.



# Occupancy Considerations



- Providers experience a lot of variability due to site expenses. Useful information was provided in a 2012 occupancy survey – we have been spending a considerable amount of time working with that data to develop an approach that reflects provider experiences.
- We recognize that there are some key drivers in the site costs that are common for many providers:
  - “brick and mortar” expenses, such as mortgage or rent
  - utilities and maintenance
  - communications (cable / phone / internet)
- The level of variation cannot be explained using expected variables, such as
  - geographic location
  - caseload
  - number of sites



# USDA Concerns – Federal Fund Tracking



- In 2012, EHS and WIC reviewed the proposed rate structure with USDA, which expressed concerns about how federal funds would be spent and tracked under a flat monthly rate.
- At the time, EIM did not have the functionality to support the level of detail required by the USDA and the proposed rate approach.
- EIM was enhanced in 2013 to support mixed billing. We are seeking to implement that for WIC rates.
- DPH will continue work with the USDA to develop, monitor and direct contract development, execution, and amendments.
- Work is underway to adjust reporting and billing systems to accommodate the DPH/USDA required documentation and tracking associated with service delivery and personnel costs.
  - Appropriate documentation and tracking of costs and billing is a priority within this process. All associated state and federal mandates will be incorporated into the reporting and billing processes.



# Billing for the Provider



In order to meet both the USDA requirement for cost reimbursement billing and the state requirement for rates, billing will be split into:

## 1. **Cost Reimbursement (CR) Invoice**

- Generally covers WIC Staffing, Tax & Fringe (UFR Categories 100 – 151)
- The Personnel Summary Report will continue to be required
- Must be submitted on a monthly basis

## 2. **Unit Rate Service Delivery Report (SDR)**

- Used to bill the rate regulated components of the WIC program (monthly rate and occupancy)
- Not client specific – one (1) unit will be entered for each billing type
- Providers must enter the dollar amount from the CR invoice as a header level offset



# Billing for the Provider – Example



## Example –

- Provider “rate” is \$60,000 for the month.
- A CR invoice is entered for the federal portion of the rate payment, anticipated to primarily be staff costs (\$40,200).
- The unit rate SDR is completed, totaling unit costs of \$60,000.
  - \$40,200 is entered as a header offset, reducing the total bill to \$19,800.
- Payment is issued as follows –

CR -	\$40,200
SDR -	<u>\$19,800</u>
Total -	\$60,000



# Billing Detail – CR Billing



The CR contract will be entered with all of the personnel lines funded.

- All remaining lines will be set-up with an initial amount of \$0.00.
- Providers will have to request pre-approval to use those lines on an invoice.

## 102 - Program Director (Category 1. Direct Care / Program Staff)

Original FTE:	0.5	Original Amount:	\$30,000.00
Expended Amount:	\$0.00	Balance:	\$30,000.00
Reimbursable Cost:	\$30,000.00	Status:	Final
Current FTE:	<input type="text" value="0.5"/>	Current Amount:	<input type="text" value="30000"/>
Offset:	<input type="text" value="0"/>	Source:	<input type="text"/>

[Delete](#)

## 114 - Dietitian/Nutritionist (Category 1. Direct Care / Program Staff)

Original FTE:	0.2	Original Amount:	\$6,000.00
Expended Amount:	\$0.00	Balance:	\$6,000.00
Reimbursable Cost:	\$6,000.00	Status:	Final
Current FTE:	<input type="text" value="0.2"/>	Current Amount:	<input type="text" value="6000"/>
Offset:	<input type="text" value="0"/>	Source:	<input type="text"/>

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## 136 - Direct Care/Program Staff I (Category 1. Direct Care / Program Staff)

Original FTE:	0.5	Original Amount:	\$14,000.00
Expended Amount:	\$0.00	Balance:	\$14,000.00
Reimbursable Cost:	\$14,000.00	Status:	Final
Current FTE:	<input type="text" value="0.5"/>	Current Amount:	<input type="text" value="14000"/>
Offset:	<input type="text" value="0"/>	Source:	<input type="text"/>



# Billing Detail – Unit Rate



The Unit Rate contract will have an assigned service code

- Monthly program rate based on assigned caseload and occupancy

Contract#CRURUNIT201400000105 - 2014 - CT - Provider 6

## Service Codes

Service Code	Description	Rate	Effective From	Effective To	Status	Activity
<a href="#">WCSVCS</a>	WIC Program Services Band 1	\$10,000.00	07/01/2013		Active	3153



# Billing Detail - PSR



The PSR will be required for each invoice, the catch-all URF is not automatically available for billing.

## Personnel Summary Information

### Activity:3153 Training Service Activity Budget:1

UFR Title	Last Name	First Name	Hours	Employee amount	Less Offsetting Support	Net Employee Amount
102-Program Director	Jones	Janice	80.00	\$2,500.00	\$0.00	\$2,500.00
<b>102-Component Total</b>			<b>80.00</b>	<b>\$2,500.00</b>	<b>\$0.00</b>	<b>\$2,500.00</b>
114-Dietitian/Nutritionist	Taylor	Simone	32.00	\$500.00	\$0.00	\$500.00
<b>114-Component Total</b>			<b>32.00</b>	<b>\$500.00</b>	<b>\$0.00</b>	<b>\$500.00</b>
136-Direct Care/Program Staff I	Ordonez	Raylene	80.00	\$1,166.67	\$0.00	\$1,166.67
<b>136-Component Total</b>			<b>80.00</b>	<b>\$1,166.67</b>	<b>\$0.00</b>	<b>\$1,166.67</b>
<b>Staff Total</b>			<b>192.00</b>	<b>\$4,166.67</b>	<b>\$0.00</b>	<b>\$4,166.67</b>

## Invoice #5024

### Update Invoice

Invoice Authorized Successfully!!!

Corporate Name:	Provider 6	State Agency Name:	DMR-Region 1
Vendor Customer Code:	HHS1006	Invoice Status:	Passed
Service Contract Number:	CRURCOST201400000105	Service Contract Amendment Number:	
Billing Period:	07/01/2013 - 07/31/2013	Invoice Reference Number:	
Supporting Documentation Reference Number:		Supporting Documentation Description:	
Supporting Documentation Type:		Invoice Type:	Regular
Monthly Service Narrative:			

### Activity:3153 Training Service Activity Budget:1

Line Item Budget Component	Category	FTE	Reimbursable Cost	Balance to Date	Invoice Amount	Current Balance
<a href="#">102 Program Director</a>	1-Direct Care / Program Staff	0.5	\$30,000.00	\$30,000.00	\$2,500.00	\$27,500.00
<a href="#">114 Dietitian/Nutritionist</a>	1-Direct Care / Program Staff	0.2	\$6,000.00	\$6,000.00	\$500.00	\$5,500.00
<a href="#">136 Direct Care/Program Staff I</a>	1-Direct Care / Program Staff	0.5	\$14,000.00	\$14,000.00	\$1,166.67	\$12,833.33
<a href="#">410 Agency and Program Administration and Support</a>	4-Administrative Support	0	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total</b>		<b>1.20</b>	<b>\$50,000.00</b>	<b>\$50,000.00</b>	<b>\$4,166.67</b>	<b>\$45,833.33</b>





# Billing Detail – Funding Offsets



The total amount of the CR Invoice is entered as a header level offset

## Service Delivery Header

Provider Organization: Provider 6	
Vendor Customer Code: HHS1006	
Submission Date:	Status: Draft
SDR Type: Regular	Activity Code: 3153
Address ID: AD001	Activity Name: Training Service Activity
Effective From: 07/01/2013	Effective To: 06/30/2014
Payer Organization: DMR-Region 1	
Provider Contact Name:	Agency Contact Name: 29055 Last Name, 29055 First Name
User Name: f user	Associated Organization: Provider 6
SDR Offset Amount: 4166.67	SDR Offset Reason: T - Payment from other source ▼
Date Created: 06/30/2014 02:56 PM	Created By: f user
Date Changed: 06/30/2014 02:57 PM	Changed By: f user



# Next Steps



- Discuss provider feedback internally
- Recommend final rate proposal to executive staff
- Propose rates via a draft regulation
- Public hearing – oral and written testimony
- Review submitted testimony, revise rates as needed
- Finalize rates
- Issue procurements



## Questions/Feedback



Please Email Questions & Comments to:  
**[eoehspolicyoffice@state.ma.us](mailto:eoehspolicyoffice@state.ma.us)**

Please Visit the Chapter 257 Website:  
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